

# **USAID/CAPE VERDE**

## **RESULTS REVIEW AND RESOURCE REQUEST (R4)**

**April 2001**

## Information Annex Topic: Non-presence Countries – Cape Verde

**A. Contribution to Food Security:** The Food for Peace (FFP) Program being implemented by ACDI/VOCA in Cape Verde is on-track, continuing to strengthen food security of the country's rural and urban populations. Given Cape Verde's climate and terrain, it is structurally food deficit. In FY 2000, USAID delivered 20,650 MT of grain (total sales value: US \$3,045,390). The Program sold 15,650 MT of corn, the food of choice for the rural poor, in addition to 5,000 MT of wheat. This constituted 18 percent of Cape Verde's annual cereal requirement, and 41 percent of overall food aid received.

Cape Verde's strategy to achieve food security is based on: (1) increasing vegetable and fruit production through improved management of scarce land and water; and (2) increasing export earnings through tourism, light manufacturing and fishing, in order to be able to purchase food commercially. The food aid program contributes at the macro level to lessening the structural food deficit and reducing the balance of payments deficit. At the micro level, the program helps poor families who spend a significant amount of their income on food.

The rural poor benefit from the Program through the development of associations that execute contracts to carry out soil and water conservation (SWC) works employing approximately 3,000 workers per year. An immediate impact of these efforts is improved crop yields, employment of the rural poor and the generation of income. Medium and long-term benefits include continued crop yield improvement and greater availability of water for domestic and agricultural purposes. In FY 2000, rural households, with family members working for associations executing SWC contracts more than doubled their 1997 income and the increase for female-headed households was even greater.

The rural poor also benefited from the introduction of drip irrigation and the availability of credit for new technology. Yields have significantly increased compared to traditional flood irrigation techniques. In many cases, farmers have eliminated sugar cane (used to produce liquor) and planted vegetables, earning a higher return with drip irrigation. The rural and urban poor also benefited from the micro enterprise and small business lending programs. The micro enterprise program reported increases in incomes and food expenditures of approximately 50% and 15% compared to 1997 baselines, respectively.

### **B. Effectiveness of the Program in Achieving Results<sup>6</sup>**

**1. Program Objective # 1: Support to soil and water conservation activities through farmer associations.** In 2000, 35 associations and 17 prospective associations on three islands contracted for soil and water conservation using Title II funds (up from 18 associations and 16 prospective associations in 1997). The association members plan and propose specific works, then execute the construction. This results in high quality works due to a sense of ownership and responsibility. Associations generate significant profits that are re-invested in the community. Because association members propose specific works to be carried out where they live, the actual types of works executed have varied from the targets set forth at the beginning of the program. For example, in 2000, associations constructed 133 check dams (24% of target), 113 km of contour rock wall terraces (77%), and 3.6 km of live vegetative barriers (9%), and they planted 200,904 trees (201% of target). Other activities in FY 2000 not shown in the indicator table

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<sup>6</sup> For detailed information on this section, please refer to the *CSR4 Results Report – FY 2000* and the *Results Report Supplement – FY 2000* submitted by ACDI/VOCA.

targets include many activities linked closely to water management: 22 irrigation reservoirs, 3 wells, 2 large water catchment facilities, 160 cisterns, 613 meters of water tubing, 2.4 km of irrigation canals, 3 captation dams, 22 irrigation reservoirs, 3 wells, and 2 water catchment systems. Nonetheless, by the end of FY 2000, recovered top soil (m<sup>3</sup>) reached 97% of Life of Activity (LOA) target; reclaimed surface area, 168%; and reduced soil erosion of side slopes, 178% of LOA target. The associations continued to develop as bona fide businesses with strong technical, internal control and accounting capabilities. As a result, all associations showed a profit in 2000 according to preliminary numbers. The association model in Cape Verde is now being supported by other donors. Many of the associations are investing in other income generating and social activities, such as poultry production facilities, community stores, kindergartens, and adult education programs.

**2. Program Objective # 2: Introduce new technologies which conserve water and raise yields.** In FY 2000, 83 drip irrigation systems were installed (30 planned) on 12.2 hectares of land (15 ha planned). The program is reaching more and smaller farmers than originally anticipated. During FY 2000 the private local dealers continued to respond to the growing local demand for equipment. ACIDI/VOCA continues to provide technical assistance to the credit association, ASDIS, which achieved profitable operations in 2000 with nearly 100% on time repayment. The capital for ASDIS was provided by 16 of the rural associations organized under Objective # 1. Two additional rural associations requested to join in 2000. ASDIS provides micro-loans to farmers to install drip irrigation and to local small vendors of agricultural products and fish. ASDIS began disbursing loans in July 1999 and by September 2000, had disbursed 370 loans in the total amount of 13.3 million CVE (\$130,000). In mid FY 1999, ACIDI/VOCA initiated a program through a local commercial bank that provided credit to 22 farmers and two agricultural input dealers during FYs 1999 and 2000. Farmer interest in drip irrigation continues strong on Santiago Island. Progress is slower on other islands and will require additional technical assistance over a long period of time. The groundwork laid in previous years is now bearing significant fruit and is expected to increase in future years.

**3. Program Objective # 3: Micro Enterprise Training and Lending Program (METLP), Small Business Lending Program, and other business promotion activities.** The micro-enterprise and small business lending activities continue to perform well. 1,857 micro loans were disbursed against 1,500 planned and 317 small business loans disbursed against 300 planned. The METLP generated substantial profits in FYs 1999 and 2000, well ahead of plan. This program experienced some loan repayment problems in the earlier part of FY 2000. However, problems were resolved by the end of the fiscal year, and by the last month of the fiscal year, the Program was experiencing 95% on-time repayment. The provision for losses adequately covered all loan losses. The higher number of micro loans disbursed relates to strong loan officer performance. The earlier profitability of the program relates to higher than planned level of revenue from interest and loan fees, which relates to the higher rates of lending. Measured impact on borrowers shows improvements in wealth and income above the level predicted in the Monitoring and Evaluation Plan.

With the current DAP ending in September 2001, ACIDI/VOCA has submitted a new DAP for FYs 2002-2006 in which they propose to monetize and directly distribute 234,440 MT of commodity to support agribusiness, microfinance, and vulnerable people's feeding activities in Cape Verde, Mauritania, Senegal, and Guinea Bissau.